ANNUAL REPORT

of the

STANDING COMMITTEE

on

PUBLIC ACCOUNTS

2003 - 2004

First and Second Sittings of the Fifty-Ninth General Assembly

105-04902/

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Hon. Murray Scott
Speaker
House of Assembly
Province House
Halifax, Nova Scotia

Dear Mr. Speaker,

On behalf of the Standing Committee on Public Accounts, I am pleased to submit the Annual Report of the Committee for the First Sitting and Second Sitting of the First Session of the Fifty-Ninth General Assembly.

The Standing Committee on Public Accounts would like to dedicate this report to the memory of the Member for Chester St. Margarets - Mr. John Chataway. John passed away suddenly in December 2004. He will be greatly missed by his colleagues on this committee.

Respectfully Submitted

Graham Steele, MLA
(Halifax Fairview)
Chairman
Standing Committee on Public Accounts

Halifax, Nova Scotia
April 2005

Printed on paper that contains recycled fibre

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INTRODUCTION

The Standing Committee on Public Accounts, an all-party Committee of the House of Assembly, was struck at the beginning of the First Session of the Fifty-Ninth General Assembly. Pursuant to Rule 60(2)(d) of the **Province of Nova Scotia Rules and Forms of Procedures of the House of Assembly:**

> **b**) the Public Accounts Committee is established for the purpose of reviewing the public accounts, the annual report or other report of the Auditor General and any other financial matters respecting the public funds of the Province;[1]

The membership of the Standing Committee on Public Accounts currently is as follows:

Mr. Graham Steele, MLA - Chairman
Halifax Fairview

Mr. Jim DeWolfe, MLA - Vice Chairman
Pictou East

Mr. John Chataway, MLA
Chester – St. Margarets

Mr. Gary Hines, MLA
Waverley – Fall River – Beaver Bank

Mr. Howard Epstein, MLA
Halifax Chebucto

Mrs. Marilyn More, MLA
Dartmouth South - Portland Valley

Mr. Danny Graham, MLA
Halifax Citadel

Mr. H. David Wilson, MLA
Glace Bay

Ms. Diana Whalen, MLA
Halifax Clayton Park

[1] Province of Nova Scotia Rules and Forms of Procedure of the House of Assembly, July 1999, Rule 60(2)(b) Pages 61-62.

PROCEDURES AND OPERATIONS

The Public Accounts Committee traditionally meets once a week. These meetings are held every Wednesday morning in either the Legislative Chamber in Province House or in the Legislative Committees Office. During the First and Second Sitting of the First Session of the Fifty-Ninth General Assembly the Committee met on the following dates:

October 8, 2003
October 15, 2003
October 17, 2003
October 22, 2003

November 5, 2003
November 12, 2003
November 19, 2003
November 26 2003

December 3, 2003
December 10, 2003
December 17, 2003

January 7, 2004
January 14, 2004
January 21, 2004
January 28, 2004

February 4, 2004
February 18, 2004
February 25, 2004

March 3, 2004
March 10, 2004
March 24, 2004
March 31, 2004

April 14, 2004
April 28, 2004

May 5, 2004
May 12, 2004
May 19, 2004
May 26, 2004

June 16, 2004
June 23, 2004

The Sub-Committee on Agenda and Procedures met on the following dates:

Tuesday, January 7, 2004
Tuesday, March 2, 2004

The Committee also met with officials from the Canadian Comprehensive Auditing Foundation (CCAF) on Friday, October 17, 2003.

NOTICES

Notices of the Public Accounts Committee meetings are sent to all members of the Committee, staff of the caucus offices, the Legislative staff and the House of Assembly Press Gallery. The notices are also posted in Province House and are on the Committees' web-site at the following address:

http://www.gov.ns.ca/legislature/COMMITTEES/schedpa.html

VERBATIM TRANSCRIPTS

Transcripts of all Public Accounts Committee public hearings are available from the Legislative Library in Province House, the Legislative Committees Office or on-line at the Public Accounts Committees' web page at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/

RESEARCH MATERIAL

All research for the Public Accounts Committee is compiled by the Committee's Clerk with the assistance of an administrative assistant and the Legislative Library, and distributed to the members. Reference material is placed in binders and distributed one week prior to meetings. A copy of this material is also made available to the witnesses appearing before the Committee, the Legislative Library in Province House and to Hansard Recording Services.

ANNUAL REPORTS

All reports from the Public Accounts Committee are compiled and written by the Committee's Clerk. Once the Chair has approved the initial draft, it is then sent to the individual Committee members for consideration. The draft review complete, the report is tabled with the Clerk of the House.

Distribution of the report is as follows: to the Speaker, all members of the Legislature, all witnesses who appeared before the Committee, the Legislative Library in Nova Scotia and in all other provinces and territories, Deputy Ministers, Chairpersons of all Canadian Public Accounts Committees, and the Media. This report is also available to the general public upon request through the Legislative Committees Office or on-line at the Committee's web page at the following address:

http://www.gov.ns.ca/legislature/COMMITTEES/pa_pubs.html

ACKNOWLEDGMENTS

The Standing Committee on Public Accounts wishes to extend its gratitude to witnesses for their time and cooperation; Ms. Mora Stevens, Clerk of the Public Accounts Committee and the staff of the Legislative Committees Office for the organization and research of committee meetings. Others whose assistance has been invaluable to the Committee are: Mr. Robert Kinsman, Editor of Hansard, and Hansard staff; Mr. James MacInnes, Coordinator/Director Legislative Television and Broadcast Services, and staff; Ms. Margaret Murphy, Legislative Librarian, and staff.

WITNESSES

Wednesday, October 8, 2003	**Organizational Meeting and Agenda Setting** No witnesses were present at this meeting.
Wednesday, October 22, 2003	**Nova Scotia Liquor Commission** Mr. Peter McCreath - Chairman of the Board of Directors Mr. Ken Barbet - Acting President Mr. Greg Beaulieu - Corporate Secretary
Wednesday, October 29, 2003	**Department of Health - District Health Authorities** Dr. Tom Ward - Deputy Minister Ms. Cheryl Doiron - Associate Deputy Minister Mr. Byron Rafuse - Chief Financial Officer
Wednesday, November 12, 2003	**Department of Transportation and Public Works** **Rural Impact Mitigation (RIM) Program** Mr. Martin Delaney - Executive Director Highway Operations Mr. Bruce Fitzner - Director of Highway Operations Mr. Greg Penny - Director of Financial Services
Wednesday, November 19, 2003	**Emergency Measures Organization** Mr. Michael Lester - Executive Director Mr. Michael Myette - Deputy Director
Wednesday, November 26, 2003	**Office of the Auditor General** **Consolidated Financial Statements / Financial Reporting Matters** Mr. Roy Salmon - Auditor General Mr. Claude Carter - Deputy Auditor General Ms. Angela Cook - Audit Manager
Wednesday, December 3, 2003	**Department of Finance** **Public Accounts, Equalization and Federal / Provincial Transfer Payments** Mr. Howard Windsor - Deputy Minister Ms. Liz Cody - Assistant Deputy Minister Mr. Kevin Malloy - Controller Mr. Bruce Hennebury - Acting Executive Director Fiscal and Economic Policy Ms. Suzanne Wile - Director Government Accounting.
Wednesday, December 10, 2003	**Department of Community Services** **Housing - Funding and Federal / Provincial Agreements** Ms. Marian Tyson - Deputy Minister Mr. George Hudson - Executive Director Finance and Administration Mr. Harold Dillon - Senior Director ESIA and Housing Division Mr. Jim Graham - Director Housing Services.

WITNESSES

Wednesday, January 7, 2004	**Office of the Auditor General** **2003 Report of the Auditor General** Mr. Roy Salmon - Auditor General Mr. Claude Carter - Deputy Auditor General Ms. Elaine Morash - Assistant Auditor General Mr. Alan Horgan - Assistant Auditor General
Wednesday, January 14, 2004	**Department of Health** **District Health Authorities** Dr. Tom Ward - Deputy Minister Ms. Cheryl Doiron - Associate Deputy Minister Mr. Byron Rafuse Chief Financial Officer
Wednesday, January 28, 2004	**Department of Education** **2003 Auditor General Audit of Post Secondary Institutions** Mr. Dennis Cochrane – Deputy Minister Mr. Wayne Doggett – Senior Executive Director – Higher Education Mr. Darrell Youden – Senior Executive Director – Corporate Services
Wednesday, February 4, 2004	**Council of Nova Scotia University Presidents (CONSUP)** Dr. Sean Riley - Chair **CONSUP** President Saint Francis Xavier University Mr. Peter Halpin - Executive Director Association of Atlantic Universities and CONSUP Mr. Larry Corrigan - Vice-President - Finance - Saint Mary's University Mr. Gordon MacInnis - Vice President - Finance and Administration University College of Cape Breton Mr. Bryan Mason - Vice-President - Finance and Administration Dalhousie University Dr. André Roberge - Recteur Université Sainte-Anne – College de l'Acadie
Wednesday, February 25, 2004	**Department of Health** **Long-term Care** Dr. Tom Ward - Deputy Minister Mr. Keith Menzies - Executive Director Continuing Care Programs Mr. Byron Rafuse - Chief Financial Officer
Wednesday, March 3, 2004	**Department of Finance - SAP** Ms. Vicki Harnish - Deputy Minister Ms. Susan Spark - Director of Corporate Information Systems
Wednesday, March 10, 2004	**Mr. Andrew Barker** Former President and Chief Executive Officer of the Nova Scotia Liquor Corporation

WITNESSES

Wednesday, March 24, 2004

Treasury and Policy Board
Accountability and Financial Management
Mr. Howard Windsor - Deputy Minister
Ms. Margaret MacDonald - Executive Officer
Mr. Robert Abbott - Senior Corporate Policy Analyst
Mr. David Perry - Senior Corporate Financial Analyst

Wednesday, March 31 2003

Organizational Meeting and Agenda Setting
No witnesses were present at this meeting.

Wednesday, January 7, 2004

Office of the Auditor General
2003 Performance Report – 2004 Business Plan
Mr. Roy Salmon - Auditor General
Mr. Claude Carter - Deputy Auditor General
Ms. Elaine Morash - Assistant Auditor General
Mr. Alan Horgan - Assistant Auditor General

Wednesday, April 28, 2004

Bluenose II Preservation Trust
Hon. Wilfred P. Moore, QC – Chairman of the Board of Directors
Mr. Delbe L. Comeau – Member of the Board of Directors
Mr. Robert W. Downie – Secretary to the Board of Directors
Mr. Keith P. Maher – Treasurer
Ms. Karen Oldfield – Member of the Board of Directors

Wednesday, May 5, 2004

Treasury and Policy Board
User Fees
Treasury and Policy Board
Mr. Howard Windsor - Deputy Minister
Ms. Margaret MacDonald - Executive Officer
Mr. David Perry - Senior Corporate Financial Analyst

Department of Justice
Mr. John Traves - Director of Legal Services

Department of Finance
Mr. Michael Ingram - Senior Financial Analyst

Wednesday, May 12, 2004

Nova Scotia Gaming Corporation
Ms. Marie Mullally – President and Chief Executive Officer
Mr. Sean O'Connor – Chairman of the Board of Directors

WITNESSES

Wednesday, May 19, 2004

Department of Finance / Intergovernmental Affairs
Transfer Fees

Department of Finance
Ms. Vicki Harnish - Deputy Minister
Ms. Liz Cody - Assistant Deputy Minister
Mr. Dan Troke - Director of Revenue and Fiscal Transfers

Intergovernmental Affairs
Ms. Alison Scott - Deputy Minister
Dr. Alistair Saunders - Executive Director

Department of Community Services
Ms. Shulamith Medjuck - Senior Policy Advisor Federal/Provincial Social Initiative Unit

Wednesday, May 26, 2004

Department of Health
Nova Scotia Health Information System (NSHIS)
Dr. Tom Ward - Deputy Minister
Mr. Byron Rafuse - Chief Financial Officer
Ms. Mary McKeen - Acting Chief Information Officer
Mr. Dieter Pagani - Director - IT Services

Wednesday, June 23, 2004

Office of the Auditor General
2004 Report of the Auditor General
Mr. Roy Salmon - Auditor General
Mr. Claude Carter - Deputy Auditor General
Ms. Elaine Morash - Assistant Auditor General
Mr. Alan Horgan - Assistant Auditor General

Organizational Meeting and Agenda Setting

Wednesday, October 8, 2003

WITNESSES

No witnesses were present at this meeting.

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

In 1993, the Public Accounts Committee reached an all-party consensus that Ministers and Party Leaders would not serve as members of the Public Accounts Committee. Committee members expressed a great deal of concern about the fact that a party leader is now a member of the Committee. After a great deal of discussion, it was determined that the Chairman would write a note to the Internal Affairs Committee expressing the Committee's concerns on this issue.

A few agenda items were approved of during this meeting. They are as follows:

Department of Health - District Health Authorities;
Nova Scotia Liquor Corporation;
Department of Transportation and Public Works - RIM Program; and
Emergency Measures Organization.

Re-establishing the Public Accounts Sub-Committee on Agenda and Procedures was also discussed and approved during the meeting. This Sub-Committee will have one member from each caucus on it and it will look at agenda items prior to full approval by the Public Accounts Committee. Members of the Sub-Committee are as follows:

NDP - Graham Steele, MLA - Chairman;
PC - Jim DeWolfe, MLA - Vice Chairman; and
Liberal - Danny Graham, MLA.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2003oct08.htm

Nova Scotia Liquor Commission

Wednesday, October 22, 2003

WITNESSES

Nova Scotia Liquor Commission

Mr. Peter McCreath
Chairman of the Board of Directors

Mr. Ken Barbet
Acting President

Mr. Greg Beaulieu
Corporate Secretary

BACKGROUND INFORMATION

The Nova Scotia Liquor Corporation (NSLC) is a Crown Corporation with independent management that is responsible for administering the commercial interest of the Nova Scotia government in the sale of liquor.

The NSLC is responsible for maintaining a high level of customer convenience while supporting the responsible use of beverage alcohol. The NSLC is also responsible for generating revenues through effective and efficient retail of beverage alcohol.

The NSLC has 1250 employees in 100 stores across the province out of which there are 360 full time employees, 580 part-time employees, and casual employees whose numbers vary during the year. The NSLC had $413.3 million dollars in gross sales during the fiscal year of 2002-2003 - out of that $157.9 million was net profit, which went directly to the Province.

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Andy Barker - buyout clause on contract (Clause 5) at a cost of $92,000, hiring process cost $90,000, 17 months of salary at $135,000 per year = $200,000 of salary, difference in vision, governance process between President and Board of Directors, perception of goals and the process by which those goals are achieved, and the yearly Performance Report;

Role of the NSLC Board of Directors, $1000 per month plus expenses -Chair, $600 per month plus expenses to the Board Members, Peter McCreath spends 25-30 hours a week in the NSLC offices, improving remuneration, and huge time commitment;

Police Investigation due to a complaint about the handling of an RFP. Occurred prior to Andy Barker's time, internal audit then the matter was handed over to police. Currently a forensic audit is taking place of financial purchasing and related procedures of the NSLC;

Modernization - Voice mail system, computers etc., upgrades done in order to achieve efficiency and ultimately will be a cost saving measure, streamlining the processes in the NSLC;

Business Plan $160.2 Million in 2002-2003 - target was not met, $166.8 Million in 2003-2004. Volume is up in 2003-2004 by 6%;

Privatization - PricewaterhouseCooper study, this process does not ensure increased revenues for the government;

Sunday Shopping - Trial open from 1:00 - 6:00 p.m. with employees getting time and a half, only employees who volunteer to work on Sundays will work, all days of worship should be recognized by employers such as other religions worshipping on Fridays or Saturdays;

Agency stores - Unisys Canada Inc. study, partnerships with local enterprises help to make Agency stores feasible - wine speciality stores, Nova Scotia wine industry, Grape Growers Association of Nova Scotia, 25 mile restriction zones, New Ross Agency Store; and

Safe Graduation Program, social conscience issues.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

A feasibility study concerning the possibility of locating an agency store between New Glasgow and Antigonish.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2003oct22.htm

Department of Health
concerning the District Health Authorities

Wednesday, October 29, 2003

WITNESSES

Department of Health

Dr. Tom Ward
Deputy Minister

Ms. Cheryl Doiron
Associate Deputy Minister

Mr. Byron Rafuse
Chief Financial Officer

BACKGROUND INFORMATION

District Health Authorities (DHA's) were established by the Department of Health in October 1999 in order to establish a more community-responsive health care system. DHA's are the umbrella under which the health services are delivered to the public. There are 9 DHA's in Nova Scotia

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

DHA Budgets, deficits, 19 million dollar fix,

Business Plans, 2003-2004 Business Plans not formally approved by Treasury and Policy Board as of yet, 2004-2005 Business Plans are being worked upon, 7out of 10 Business Plans have been approved but the remaining 3 have not. The remaining 3's budget consists of over 50% of the overall DHA budget - Capital District, Colchester East Hants and Pictou;

3-year rolling funding - creates stabilization for the entire system, Formula Funding, Long Term Care Funding, Acute Care Funding;

Financial Management Changes – Return to national standards or expenditures using MIS Guidelines;

Improvement in Performance Reporting, creation of guidelines, report cards, accountability framework, outcomes, value for money and strategic planning;

Waitlists - need to be defined and standardized throughout Nova Scotia and Canada, CT scan pilot project, transferring patients for diagnostic tests to facilities outside of Capital District,

DHA monthly reporting process, forecasts as well as actuals, experiencing problems, reports are being received quarterly;

Costs of drugs, inflation of drug costs, nurses' overtime, vacation costs;

Information Technology within the Department, tracking outcomes, Ormed System - temporary patch for the SAP System, Canada-wide system will cost $6 billion to link all of the systems, single access, Meditech and HBO Systems, operating cost of Canadian system would be shared be all provinces and Territories;

Creation of a province-wide pharmacy-related system;

Auditor General's 1998 Audit - $225 million deficit in 1998, which carried over to the DHA's;

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

A copy of the schedule for the DHA's monthly reporting process – including both forecasts and actuals as well as the dates the DHA's have reported to the Department of Health and exactly what information was reported on those dates; and

Of the $19 million outlined by the government, please provide details about which organizations will receive this money and for what programs it will be used to support.

OTHER MATTERS OF DISCUSSION

The Public Accounts Committee also dealt with some Committee Business:

A motion to abolish the Sub-Committee on Agenda and Procedures was defeated after much discussion.

TRANSCRIPTS

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2003oct29.htm

Department of Transportation and Public Works

concerning the Rural Impact Mitigation (RIM) Program

Wednesday, November 12 2003

WITNESSES

Department of Transportation and Public Works

Mr. Martin Delaney
Executive Director Highway Operations

Mr. Bruce Fitzner
Director of Highway Operations

Mr. Greg Penny
Director of Financial Services.

BACKGROUND INFORMATION

The Department of Transportation and Public Works is responsible for approximately 23,000 kilometres of roadway in Nova Scotia and 4,100 bridges. There are approximately 1900 kilometres of 100-series highway, 12,000 kilometres of paved secondary roads and 9,000 kilometres of gravel roads in Nova Scotia. The Province maintains 90 percent of the road system in Nova Scotia. The municipalities are responsible for the other 10 percent.

In 2001 the department commissioned a study that determined which provincial roads and bridges in Nova Scotia would require $3.4 billion in capital work within the next 10 years in order to maintain them in good working order. Nova Scotia budgets approximately $250 million per year to road maintenance but costs continue to escalate.

The Department must provide service to taxpayers at the most effective cost in order to be able to stay within budget.

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

RIM Program - Asphalt patching, ditching gravelling and culverts, brush cutting, gravelling shoulders and guardrails as well as a truss bridge replacement program;

Allocation of RIM Program funding - $3 million - operational costs budget;

Government cutbacks of 2 ½ % RIM Program delaying road maintenance and improvement projects that have not already had funds allocated to them, not replacing vacancies and cutting back on administrative costs;

Criteria used for RIM Program funding;

Using local truckers for contract work, 80/20 Rule;

Federal portion of gas tax returned to Nova Scotia, gas tax versus road construction and maintenance,

Strategic Infrastructure Projects, National program for comparison of roads;

Costs of March 31, 2003 flood and Hurricane Juan to TPW-$3 million, Federal/Provincial Disaster Financial Relief Program; and

Miller Contracting, 104 truck stop, Pratt Bridge, New Ross.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

A copy of the outline on the maintenance and improvements records on the 100-series highways in Nova Scotia. An outline of the funding for the 100-series projects and the percentage of reductions that have occurred when this year's budget was cut;

A copy of the list of projects under the RIM Program that have been affected by the recent budget cutbacks. Please outline how each of the projects were affected;

A outline from 1999 to the present on the amount of money the federal government has received in fuel tax (gas ands diesel) from Nova Scotia including the amount that the federal government has returned to Nova Scotia for the same time period; and

An outline from 1999-present concerning the amount of money Nova Scotia has collected from the fuel tax (gas and diesel).

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2003nov12.htm

Emergency Measures Organization

Wednesday, November 19, 2003

WITNESSES

Emergency Measures Organization

Mr. Michael Lester
Executive Director

Mr. Michael Myette
Deputy Director

BACKGROUND INFORMATION

The Nova Scotia Emergency Measures Organization is the agency of the Nova Scotia Government that is responsible for providing a prompt and coordinated response to emergencies. To ensure the safety and security of Nova Scotians, their property and environment by providing for a prompt and coordinated response to an emergency.

An emergency can have many consequences. The consequences may be very localized, affecting a single person or only a small group of people. The impact may be broader, affecting a community, several communities, an entire municipal unit, the entire province, or even several provinces.

The Emergency Measures Organization's work is intended to mitigate the effects of emergencies of any size or type. This is accomplished by providing assistance in planning before an emergency occurs, and by coordinating the provision of provincial resources when an emergency occurs and by assisting with analysis and evaluation after an emergency.

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Outline of EMO, staffing situation, department emergency officers, Fire Marshals, RCMP, military personnel;

Detailed costing of Hurricane Juan, insurable and uninsurable damages, provincial and federal cost sharing, enhanced cost for Nova Scotia due to improving the Disaster Relief Fund;

Availability of supplies like fuel, generators, blankets, supply contacts;

Explanation as to how one goes about declaring a local versus a provincial state of emergency, movement of people (evacuation) and entry into private property;

Monitoring of municipal preparedness for the various jurisdictions in Nova Scotia;

Duration of crisis, hard-line (power and telephone) failures, NSPI;

Debriefing of Minister, operational heads meetings, daily status reports;

Independent review of Hurricane Juan response;

Inter-Jurisdictional Committee, provincial agreements;

Use of volunteers, training for volunteers and emergency personnel, Search and Rescue, Boy Scouts;

Failures in communication to the public, door to door campaign, pamphlets, possibility of using of all three levels of elected officials for communication purposes, Communications Nova Scotia, publishing of emergency numbers in the telephone directories;

Senior Citizens Secretariat, Disabled Persons' Commission;

Deferring payments of loans - Fisheries and Aquiculture Loan Board and the Farm Loan Board;

Exercise October - training for a severe storm event; and

911, .43 cents service fees, 311 System - for lower priority calls, 211 System - for use of the United Way.

REQUEST FOR DOCUMENTATION

The Committee did not request any additional documentation from the witnesses.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2003nov19.htm

Office of the Auditor General
concerning the Consolidated Financial Statements (March 31, 2003)
and other Financial Reporting Matters

Wednesday, November 26, 2003

WITNESSES

Office of the Auditor General

Mr. Roy Salmon
Auditor General

Mr. Claude Carter
Deputy Auditor General

Ms. Angela Cook
Audit Manager

BACKGROUND INFORMATION

It is extremely unusual for the Office of the Auditor General to table an Additional Report. However the Auditor General tabled such a report on the Consolidated Financial Statements of the Province of Nova Scotia for the Year ended March 31, 2003 and Other Financial Reporting Practices.

A copy of this Report is available from the Office of the Auditor General or on-line at the following address:

http://www.gov.ns.ca/audg/2003/additional%20report%202003.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Auditor General gave an unqualified opinion that the Consolidated Financial Statements were in accordance with Generally Accepted Accounting Principles (GAAP);

Unresolved matters within Financial Statements are less than $2 million, there are however, unknown matters that could be worth slightly more than $2 million;

Budget Surplus - Yes there is a budget surplus, however there were items that the Department of Finance did not properly note in the budget;

Problems with the disclosure of the changes in information that were contained in the 2002-2003 Budget;

Retirement Health Benefits (RHB's), $500 million liability, 30 million in interest alone, the RHB's were not going to be included in the Financial Statements (as of June 2003) until the Auditor General spoke to the Department of Finance;

Pension Benefits;

Census Numbers - The questions of who knew what and when did they know it, what did the Minister, Executive Council and/or the Premier know and when did they know that there would be problems with the budget due to the Census;

Smooth Market Value (SMV) versus Full Market Value (FMV), smoothing assets was not suppose to be implemented in the budget until 2004-2005 but it is in 2003-2004, this fact was not properly noted within the budget by the Department of Finance;

Debt Reduction Plan, Forecast Updates(formerly the Quarterly Report), 2002-2003 Public Accounts; and

Credit Rating, - Details concerning how Nova Scotia is now seen by the bond raters due to this situation.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

A copy of the list of the top five to six entities that did not have their Financial Statements filed with the Department of Finance by the June 30, 2003 deadline;

A copy of the management letters the Office of the Auditor General considered to be problematic; and

A copy of the list of the unresolved and unknown matters from the Auditor General's Office.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2003nov26.htm

Department of Finance
concerning 2002-2003 Public Accounts, Equalization
and Federal / Provincial Transfer Payments

Wednesday, December 3, 2003

WITNESSES

Department of Finance

Mr. Howard Windsor
Deputy Minister

Ms. Liz Cody
Assistant Deputy Minister

Mr. Kevin Malloy
Controller

Mr. Bruce Hennebury
Acting Executive Director Fiscal and Economic Policy

Ms. Suzanne Wile
Director Government Accounting.

BACKGROUND INFORMATION / REPORT OF THE AUDITOR GENERAL

On November 14, 2003 the Office of the Auditor General tabled an Additional Report on the Consolidated Financial Statements of the Province of Nova Scotia for the Year ended March 31, 2003 and Other Financial Reporting Practices.

A copy of this Report is available from the Office of the Auditor General or on-line at the following address:

http://www.gov.ns.ca/audg/2003/additional%20report%202003.pdf

The Department of Finance was called before the Standing Committee on Public Accounts to address some of the questions that this report raised.

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Chronology of events surrounding the actions of the Department of Finance;

Chronology of events surrounding the actions of the Office of the Auditor General;

Retirement Health Benefits (RHB's), $500 million liability, 30 million in interest alone, the RHB's were not going to be included in the Financial Statements (as of June 11th 2003) until the Auditor General spoke to the Department of Finance, Finance then included the RHB liability in the 2002-2003 Financial Statements, added on in the June 30th 2003 Press Release;

Cost Benefit Analysis by Department of Finance - Options concerning the 10% tax cut, $155.00 rebate cheque, revenues and economic assumptions (forecasts), what was presented to the Minister? Who was in the room? Who was consulted on the release of information, Treasury and Policy Board, Premier's Office, Political Staff?;

Pension Benefits;

Census Data - lack of even a notation in any of the financial documents, Nova Scotia documents different from other provinces, noted versus values in financial information;

Smooth Market Value (SMV) versus Full Market Value (FMV), Smoothing Assets was not supposed to be implemented in the budget until 2004-2005 but it was in 2003-2004, this fact was not properly noted within the budget by the Department of Finance;

Debt Reduction Plan (DRP), Forecast Updates(formerly the Quarterly Report), - the forecasts in the DRP did not contain the RHB debt. It was suppose to be added in 04-05;

2002-2003 Public Accounts (Financial Statements)- balanced budget;

Circulation of memos concerning an approximate $120-$150 million deficit in early September 2003, Department of Finance is tabling an updated forecast in mid-December;

Debt servicing costs, debt versus deficit; and

Credit rating, bond agencies, GAAP.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

An explanation about why the Minister of Finance, Neil LeBlanc, in the Fall of 2002 stated publicly that he anticipated a $40-$60 million shortfall in equalization payments from the federal government, and then just a few months later, in his Budget Address, he stated that he expected equalization payments to increase by $50 million; and

Also explanation about why the current Minister of Finance, Peter Christie recently stated that he anticipated a $40-$60 million shortfall in equalization payments from the federal government.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2003dec03.htm

Department of Community Services
concerning Housing - Funding and Federal / Provincial Agreements

Wednesday, December 10, 2003

WITNESSES

Department of Community Services

Ms. Marian Tyson
Deputy Minister

Mr. George Hudson
Executive Director Finance and Administration

Mr. Harold Dillon
Senior Director ESIA and Housing Division

Mr. Jim Graham
Director Housing Services.

BACKGROUND INFORMATION

The Department of Community Services is working closely with the Federal, and Municipal governments as well as community organizations to have a coordinated approach to the affordable housing needs in Nova Scotia.

Nova Scotia signed the Canada-Nova Scotia Affordable Housing Agreement in September 2002. Under the agreement the federal government is investing $18.6 million with an equal amount to be matched by the Nova Scotia government and their partners for a total of $37.26 million. This investment will enable up to 1,500 housing units to either be built or renovated over a five-year period. The number of units will depend on the amount of assistance provided to each unit and the number of proposals received by the program.

Since that signing the province has engaged in extensive consultations with the stakeholders in housing in Nova Scotia to determine what the details and structure of the program should be. This process is to help identify the housing needs throughout the entire province.

REPORT OF THE AUDITOR GENERAL

In 2003, the Auditor General audited the Department of Community Services – Housing Services division. The Committee decided that it would like to further examine the results of the audit.

Copies of the audit can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/2003/chpt4%20HousingServices%202003.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

CMHC agreement;

Affordable Housing Program - 18.63 Million for both Federal and Provincial governments, estimates concerning new housing versus renovations, Household Income Limit Schedule (HILS), home ownership criteria;

Reserve fund ($4.5 million);

40,000 - 60,000 clients per year use housing programs;

Sackville Housing Project, HRM negotiations, sewer and water extensions versus access to parkland, possibility of 700-800 new units;

Housing Development Corporation - funding;

Seniors wait list for housing, calculation of said wait list; and

Pictou County Co-operative housing development.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

Once completed, a copy of the final figures from the CMHC;

A detailed list of the vacancy rates in affordable housing units in Nova Scotia;

The Affordable Housing Agreement targets 1,500 units to be built by 2007 in Nova Scotia. Please provide an outline of the projects the Department of Community Services has concerning the number of units that are being built or renovated in Nova Scotia and when this work is going to occur; and

A copy of statistics concerning the number of senior citizens who are on waiting lists for placements in affordable housing units.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2003dec10.htm

2003 Report of the Auditor General

Wednesday, January 7, 2004

WITNESSES

Office of the Auditor General

Mr. Roy Salmon
Auditor General

Mr. Claude Carter
Deputy Auditor General

Ms. Elaine Morash
Assistant Auditor General

Mr. Alan Horgan
Assistant Auditor General

BACKGROUND INFORMATION

The Auditor General of Nova Scotia tables an Annual Report to the Legislature at the beginning of each year. The Standing Committee on Public Accounts is mandated to review this Report

MATTERS OF DISCUSSION

The Auditor General and his senior staff answered the Committees questions concerning the content of the 2003 Report of the Auditor General. The Committee went into details on the following matters:

Health – Long-term Care - The shortage of resources, the number of recommendations that the Auditor Genéral has made in the past that have not been implemented from the previous audits done in 1997 and 1998, changes to the senior staff in the Department of Health, residential care needs, standards and inspections of nursing homes, government commitment to the program, limitation of current legislation and the requirement for an update to said legislation, relationship with families and the need for their participation in the long term care of their family members, policy changes to the long term care (LTC) programs and the cost of said changes, procurement process, financial monitoring of the privately owned facilities, when LTC moved from the Department of Community Services to the Department of Health the auditing division that had previously overseen their spending was not transferred. The Department of Health does not have the same type of auditing structure.

Crown Agencies and Corporations - Review of Financial Statements and management letters - The Committee requested that the Auditor General inform them when this letter is sent to the Department of Finance so that it can be requested from the Department.

Government-Wide Issues - Accountability and Financial Reporting and the Central Financial Management System/SAP - implementation phase of the SAP system versus the operating and maintenance of the program, SAP - all access privileges to the entire system amongst 3-4 CSU staff with a shared User ID

Departmental Audits

Community Services - Housing Services;

Energy - Oil and Gas Exploration and Production;

Health - IWK Health Centre and the Office of Health Promotion; and

Nova Scotia Gaming Foundation - Review of Operations.

REQUEST FOR DOCUMENTATION

The Public Accounts Committee requested that the Auditor General inform them when the management letter has been finalized and has been issued to the Department of Finance.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004jan07.htm

Department of Health
concerning District Health Authorities

Wednesday, January 14, 2004

WITNESSES

Department of Health

Dr. Tom Ward
Deputy Minister

Ms. Cheryl Doiron
Associate Deputy Minister

Mr. Byron Rafuse
Chief Financial Office.

BACKGROUND INFORMATION

This is the second appearance by the Department of Health concerning District Health Authorities (DHA's). This meeting is a continuation from Wednesday, October 29, 2004.

REPORT OF THE AUDITOR GENERAL

In 2002, the Auditor General audited the Department of Health – District Health Authorities concerning accountability. Copies of the audit can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/2002/chpt%208%202002%20Accountability%20of%20Health%20Authorities.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Emergency Room (ER) crisis, wait times, $2 million in cuts to Department, peak period (January - March) due to flu season, respiratory illnesses, slip and fall, dislocation and fractures due to slippery conditions nursing home admittances etc internal wait list times, ER review report due in the Spring of 2004;

Capital District Health Authority and Annapolis Valley District Health Authority (AVDHA) are in crisis - AVDHA due to aging population as well as the need for a redesign of the ER, AVDHA proposed deficit for 2004-2005 budget $1.6 million;

Repatriation program, addition of CT Scanners and MRI's throughout Nova Scotia helps to ease the use of the Capital District facilities;

Long-term plan for health care, addition of Long Term Care (LTC) Beds, Acute Care beds proposed, policy decisions for cabinet to make, Deputy Minister will advise cabinet and help to shape the policy but the decision rests with the Minister and Cabinet;

LTC home therapies, use of families in the LTC plan, evolution of system;

Dealing with major catastrophes, hospitals work at 95% capacity when there is a peak, hospitals reach overcapacity very quickly;

Cost of Hurricane Juan, doing facility assessments and budgeting for the capital repairs(some of which were uninsurable) are covered by the Infrastructure Capital Fund as well as operation problems such as surgical delays and loss of supplies;

Long Term Care, Financial Assessment Process, admittance to the program, LTC facilities;

Policy changes, tracking savings, standardization of Meditech program, national guidelines for Health;

Quarterly reporting process - financial and clinical reviews, Business Plans; and

New Waterford Consolidated Hospital, problems with air quality - Occupational Health and Safety review of Cape Breton Regional - DHA consultant doing an independent review of the situation, report due by mid -January 2004.

REQUEST FOR DOCUMENTATION

The Committee did not request additional documentation from the Department of Health.

ADDITIONAL COMMITTEE MATTERS:

The Committee also dealt with the Sub-Committee Recommendations. The PAC made one amendment to the report, which was to hold the meeting with Andrew Barker for 3 hours instead in of 2 hours.

The PAC also brought forward a couple of issues to the Sub- Committee for discussion - possibility of permanent 3 hour meetings, moving the PAC time of meetings to start at 9:00 a.m. instead of 8:00 a.m. and to look at the reappearance of NSLC officials before PAC after the Committee hears from Andrew Barker.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004jan14.htm

Department of Education
concerning the 2003 Auditor General Audit of Post Secondary Institutions

Wednesday, January 28, 2004

WITNESSES

Department of Education

Mr. Dennis Cochrane
Deputy Minister

Mr. Wayne Doggett
Senior Executive Director - Higher Education

Mr. Darrell Youden
Senior Executive Director - Corporate Services

BACKGROUND INFORMATION / REPORT OF THE AUDITOR GENERAL

In 2002, the Auditor General was requested by then Minister of Education – Hon. Jane Purves to audit the Department of Education concerning Universities – Internal Control and Financial Management. Suspected fraud had occurred at the College de l'Acadie and the Minister asked the Auditor General to audit the programs to ensure that proper controls and financial management mechanisms were in place.

The Committee decided that it would like to further examine the results of the audit by calling before them senior officials from the Department of Education and the Council of Nova Scotia University Presidents (February 4, 2004). Copies of the audit can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/2003/chpt6%20Universities%202003.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Relationships between the universities in Nova Scotia and the Department of Education – The Department is working with all of the universities to develop a central registry so that duplication of services can be avoided in such areas as the application process, transfer of credits and administration;

University Funding Formula – The Department of Education contributes approximately 37% of the universities revenues. The current funding formula has been in place since 1996 and the amount of money received by the institutions depends on the individual enrolment figures of the universities and the estimates figures that are submitted to the Department of Education. In the past year, Dal

and SMU benefitted from increased enrolment due to the elimination of grade 13 in Ontario. Both of these universities have surpluses;

Federal funding levels – There is inadequate federal funding due to the timing of the national census. The census is always taken in June and approximately 10,000 out-of-province students are not present at that time; therefore, they are not included in the census count. Nova Scotia has a net immigration of students, which creates a deficit in funding per student;

Tuition levels – The Department of Education is not happy with current tuition levels at universities but they are only one partner in the process;

Tuition agreements – The Department of Education hopes to have a new tuition agreement between all of the universities will be in place by September 2004.

Memorandum of Understanding (MOU) - A MOU is being developed between the municipalities, universities, school boards and hospitals (MUSH) concerning the various funding formulas and the percentage that the province will contribute to each institution;

University endowment funds – The Board of Governors in the various universities have control over theses funds. Each one is different depending on the fund and how it has been established;

Physically challenged students – There is a support network through both the university and community college system. The Department has a rehabilitation program and there is also a Canada study grant in place to assist the students; and

Bachelor of Education Pilot Project between Nova Scotia and American universities.

The Committee also asked the witnesses questions on other matters that did not relate to the audit. There were discussions on the following matters:

Public School Funding Formula;

New school construction – 72 new schools will opened in Nova Scotia within 12-15 years; and

Capping of class sizes Primary and Grades 1 and 2.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

A copy of the supply and demand report concerning which programs are in need of teachers;

A copy of the detailed financial information on the breakdown of administration costs and costs of educational programs; and

A copy of any/all information the Department of Education has on Nova Scotia university endowment funds.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004jan28.htm

Council of Nova Scotia University Presidents (CONSUP)
concerning the 2003 Auditor General Audit of Post Secondary Institutions

Wednesday, February 4, 2004

WITNESSES

Council of Nova Scotia University Presidents (CONSUP)

Dr. Sean Riley
Chair - CONSUP
President Saint Francis Xavier University (St. FX)

Mr. Peter Halpin
Executive Director Association of Atlantic Universities and CONSUP

Mr. Larry Corrigan
Vice-President - Finance Saint Mary's University (SMU)

Mr. Gordon MacInnis
Vice President - Finance and Administration University College of Cape Breton (UCCB)

Mr. Bryan Mason
Vice-President - Finance and Administration Dalhousie University (Dal)

Dr. André Roberge
Recteur Université Sainte-Anne – College de l'Acadie (U-SA)

BACKGROUND INFORMATION / REPORT OF THE AUDITOR GENERAL

In 2002, the Auditor General was requested by then Minister of Education – Hon. Jane Purves to audit the Department of Education concerning Universities – Internal Control and Financial Management. Suspected fraud had occurred at the College de l'Acadie and the Minister asked the Auditor General to audit the programs to ensure that proper controls and financial management mechanisms were in place.

The Committee decided that it would like to further examine the results of the audit by calling before them senior officials from the Department of Education (January 28, 2004) and the Council of Nova Scotia University Presidents (CONSUP). Copies of the audit can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/2003/chpt6%20Universities%202003.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

CONSUP - 11 University Presidents, meets every 6 weeks NSCAD President on sabbatical, fundraisers, VP Academic replacing him at CONSUP meetings, 22% of all students from outside of Nova Scotia stay in Nova Scotia. However, 25% of Nova Scotia students that leave to go to post secondary institutions out of the province do not return. The Federal Government has jurisdiction over international students being admitted and/or allowed to stay in Canada. Nova Scotia universities are in a few pilot projects in this area;

Federal Transfer Payments - there is no specific funding allotted for universities in the transfer payments, the federal government does not recognize that Nova Scotia is a net importer of students and therefore, this is not recognized by Statistics Canada (cost $25 million per year in transfer fees);

Long-term funding commitment (3 year) - this would help alleviate stress on university budgeting process and long-term planning. Stability of government funds would also help to stabilize tuition;

Student Financial Assistance Program - new funds were just announced in the federal government Speech from the Throne, but CONSUP does not have any details of the proposal as of yet;

Deferred maintenance - Serious problem to Nova Scotia universities due to their age. There is a 50 year replacement program (cost of $1.4 billion) but the amount of funding this requires is just not feasible for the universities;

Funding Formula - The formula was approved in 1996 and it has been frozen at those rates ever since. All provincial money is divided up using that formula. Operating budget - Nova Scotia provides $206 million per year to the universities;

Nova Scotia Research Investment Trust - $15 million provincial - $15 million Federal funds for the program, endowments, legacies, alumni fund raising;

UCCB operating deficit - $5.1 million - 8 year plan to pay the deficit off (mainly due to services awards to employees ($2.6 million) - accounts receivable - UCCB has an extremely high rate of students in arrears for tuition;

U-SA - merger has resulted in supplementary funding from the Federal government 10% of the university's budget but this must be used for new initiatives.

SMU - $60.00 fee per student - this is the first extra fee that they have ever charged, unlike other universities that charge residence, sports and IT fees. $60 00 will raise $1.9 million for deferred maintenance of buildings; and

University of Nova Scotia, Memorandum of Understanding between universities and the Department of Education, shared programs, KPMG cost study on a Central Registry.

REQUEST FOR DOCUMENTATION

The Committee did not request additional documentation from the witnesses.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004feb04.htm

Department of Health
concerning Long-term Care

Wednesday, February 25, 2004

WITNESSES

Department of Health

Dr. Thomas Ward
Deputy Minister

Mr. Keith Menzies
Executive Director Continuing Care Programs

Mr. Byron Rafuse
Chief Financial Officer

BACKGROUND INFORMATION

Long Term Care is a branch of the Continuing Care division of the Department of Health. The Long-term branch is responsible for 71 nursing home 32 residential care facilities and 34 Community based option homes that provide varying levels of care to their residents.

REPORT OF THE AUDITOR GENERAL

In 2003, the Auditor General audited the Department of Health – Long Term Care. The Committee decided that it wanted to call witnesses in from the Department of Health to discuss the audit results in further detail.

Copies of the audit can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/2003/chpt9%20LongtermCare%202003.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Financial Assessment Regulations both pre and Post November 1, 2002, number of appeals to the regulations, compliance with the regulations, number of admissions that fall under the previous regulations;

Strategic plan for Long-term Care or lack thereof, structural underfunding, stabilization of funding, reaction to crisis

Per diem rates to facilities, where is the per diem spent (example - capital costs), formula used in determining the per diem rate per facility;

Monitoring of LTC Facilities, compliance with the regulations and policies, mid year reports, framework for comparability performance reporting - both financial and licensing, use of performance indicators, monitoring of outcomes;

Update of the Homes for Special Care Act;

Prescription drug use or abuse - OxyContin Pharmaceutical Drug Monitoring Program, Bailey Inquiry, correspondence between the Cape Breton Municipality Chief of Police to both the Deputy Ministers of Justice and Health, report by the Blue Cross concerning drug utilization rates over a three year period;

Comfort allowance for seniors in Long-term Care facilities ($105.00 per month - allowed to keep up to $315.00 - 3 months), clothing allowance ($150.00 a couple of times a year);

Single Entry Access (SEA) System, management of the system, streamlining of patients to facilities, wait lists, wait list procedures, assessment programs;

Costing of budgetary items, nursing care coverage, budgeting process before Cabinet, needs of LTC System 150-200 more beds; and

Use of the Public Tendering System, unauthorized building of unlicensed LTC beds.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

A copy of the number of appeals received by the Department of Health concerning the Financial Assessment Regulations that have been in place since November 1, 2002; and

A list of the Long-term Care facilities and the per diem that each of those facilities receives including an outline of how that per diem is spent (capital costs etc.).

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004feb25.htm

Department of Finance
concerning SAP

Wednesday, March 3, 2004

WITNESSES

Department of Finance

Ms. Vicki Harnish
Deputy Minister

Ms. Susan Spark
Director of Corporate Information Systems

BACKGROUND INFORMATION

The Corporate Financial Management System is comprised of several management information systems that form the key financial management systems of the government. SAP is one of these financial management programs. SAP is the enterprise resource planning management system (ERP). This is the system that enables data to electronically interface between organizations.

SAP was implemented by the Department of Finance in 1997. The program has already received two major upgrade, in order to add coverage to additional public sector entities.

The Corporate Information System (CIS) division of the Department of Finance is responsible for the overall management and maintenance of the System for the government as well as the public sector entities that have incorporated the program into their systems. There are a number of service level agreements between the Department and the private sector entities in order to ensure level of service.

REPORT OF THE AUDITOR GENERAL

In 2003, the Auditor General audited the Central Financial Management System / SAP. The Committee decided that it wanted to call witnesses in from the Department of Finance to discuss the audit results in further detail.

Copies of the audit can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/2003/chpt3%20CFMS%20SAP%202003.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Security surrounding the SAP System – The audit discovered a lack of external security within the system, which the Department of Finance immediately moved to close. Unique passwords have been issued to those employees who have access to the system so movements of individuals can be traced. Security breaches were not exposed, however, this is just a security measure for both the employee and the government.

Disaster Recovery Plan – The audit discovered that the Department of Finance did not have a disaster recovery plan for the SAP system. The project plan is to have a fully mirrored /(redundant) environment in case of disaster that can be used when required.

Application of SAP in the Department of Health – Long-term Care division- The Treasury and Policy Board and the Department of Health had differing estimates of the cost of the implementation of the SAP System in the Long-term Care division of the Department.

SAP Project Office - This office was opened in 2002 in order to organize the implementation of the SAP Program throughout Government and the public sector entities. There are 36 full time employees. There are a number of new projects concerning SAP implementation like the e-merge program and electronic payments to vendors, which will require the hiring of approximately 25 additional employees. There is both an internal and an external mandate for the SAP implementation program in order to differentiate between the different implementation strategies and the timeframes.

SAP Budget - Business Technical Advisory Committee (BTAC) was responsible for the initial Cost Benefit Analysis of the implementation of the SAP program throughout government. There were a number of capital asset submissions that went through the Committee. The initial budget for the program was set at $6.7 million. Existing funds have been used for legacy funds and cross training.

Staff Training – This is a crucial part of the implementation plan. On-site trainers are used as well as hiring those educated specifically in the SAP Program from the Saint Francis Xavier University program.

Licensing – The SAP Office and the Halifax Regional Municipality have a license arrangement so that HRM can access programs that they require such as the water system infrastructure that is located on the provincial site.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

A copy of all budget documents concerning the Department of Health's budget line item for Long-term Care for the 2003-2004 budget.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004mar03.htm

Mr. Andrew Barker

Former President and Chief Executive Officer of the Nova Scotia Liquor Corporation

Wednesday, March 10, 2004

WITNESSES

Mr. Andrew Barker
Former President and Chief Executive Officer of the Nova Scotia Liquor Corporation

BACKGROUND INFORMATION

A headhunter hired Andrew Barker as Chief Executive Officer of the Nova Scotia Liquor Corporation (NSLC) in May of 2002 after an extensive search. Mr. Barker left his position as President of the NSLC on Monday, September 22, 2003. At the time, the Chairman of the Board for the NSLC explained that the Board and Mr. Barker had different visions for the Corporation's future.

Since, Mr. Barker was employed by NSLC less than 2 years he received seven months salary and benefits as severance, as specified in his contract.

The Public Accounts Committee heard from the Chairman of the Board of Directors from the NSLC on this issue on Wednesday, October 22, 2003 and decided that they would like to also hear from Andrew Barker concerning this matter.

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Process of selection – There was a four-month interview process by the headhunting company. The NSLC was looking for new ideas in order to create a different focus on the business of retailing beverage alcohol.

Role of Board of Directors – The Board of Directors meets once a month. The Board was encouraging the newly hired President to move forward with changes in the executive and business structures of the NSLC. The Chairman of the Board of Directors was and is very involved in the day-to-day running of the NSLC. This is not usually the case. The President became involved in a number of the large in-depth changes and they did not take place as fast as the Board had hoped that they would. A difference in vision developed between the Chairman and the President of the NSLC.

Presidents role in reshaping the organization – There were a number of initiatives that the president spent time on such as looking into old licensing agreements, product events, programs and streamlining the existing systems. Agency stores were also an initiative developed under the new president. During the first few months of the presidents term three vice presidents left their positions and two new ones were hired. There was as much change at the NSLC in the sixteen months under

the new president than in the last 20 years. Under the new president product selection went up by approximately 30% and profits also rose.

Clause 5 – Clause 5 was the termination clause of the president's contract. This cause ensured that a $92,000 severance was paid.

Annual Performance Appraisals – The new president started the process for all employees of annual performance appraisals. It is meant to encourage all employees and management to be open and honest.

Tendering Process – A concern by a private citizen was brought to the presidents' attention about the NSLC tendering process. After an internal audit the matter was turned over to the Royal Canadian Mounted Police (RCMP) for further investigation.

Grant Thornton reviews – Grant Thornton was hired to do two different reviews – governance and internal controls

Sick Leave – The new president initialed an audit on the sick leave practices of employees.

Nova Scotia Wine Industry – The NSLC has been working very closely with Nova Scotia's wine growers in order to help develop a market for their product.

Sunday shopping – there have been two trial period of the six Sundays prior to Christmas already and the NSLC monitored the sales numbers as well as the reaction of their consumer base.

REQUEST FOR DOCUMENTATION

The Committee did not request additional documentation from the witness.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004mar10.htm

Treasury and Policy Board
concerning Accountability and Financial Management

Wednesday, March 24, 2004

WITNESSES

Treasury and Policy Board

Mr. Howard Windsor
Deputy Minister

Ms. Margaret MacDonald
Executive Officer

Mr. Robert Abbott
Senior Corporate Policy Analyst

Mr. David Perry
Senior Corporate Financial Analyst

BACKGROUND INFORMATION

The Treasury and Policy Board (TPB) is the central planning agency of the Nova Scotia government. TPB is responsible for the overall planning, departmental guidelines for the departments, agencies and crown corporations.

REPORT OF THE AUDITOR GENERAL

Annually the Auditor General reports on government wide reporting issues. In 2003, the Auditor General audited accountability and financial reporting practices in the Nova Scotia Government. The Committee decided that it wanted to call witnesses in from the Treasury and Policy Board to discuss the audit results in further detail.

Copies of the audit can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/2003/chpt2%20Accountability%20Fin%20Rep%202003.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Long-term Care (LTC) Policy Change – The budget for LTC went from an estimated $6 million to $3 million during the budgeting process. After the year-end additional appropriations of $3 million has to be added to the LTC budget. TPB works in conjunction with the Department of Finance and Departments in question and discusses ranges of figures. The LTC budget was within the $4-$6 million range during budget discussions but with budget pressure the amount was reduced to $3 million;

Compensation for Senior Executives – Compensation figures for senior executives are released in a timely manner including salaries, expenses and bonuses as per the guidelines;

Accountability Reporting – This type of reporting was introduced in order to outline government targets;

Financial Reporting Deadlines – Deadlines for financial report is in June. The Department of Finance and the Comptroller are responsible for this information;

Pension Plans – From time to time shortfalls occur in the pension plans and a certain amount of flexibility must be there in order to ensure growth;

Deputy Ministers Committee – Deputy Ministers meet on a regular basis in order to keep abreast of what is occurring in the various departments;

Taxpayer Rebate Program – this was a decision that was made at Cabinet;

Management Manuals – TPB has put together a series of management manuals in order to make it easier for the various government departments, agencies and crown corporations to be familiar with required information and procedures;

Romanow Report – Former Premier Roy Romanow has reported on the state of the Canadian health care system and the requirement for more funding for programs. From this report, the provinces and the federal government are discussing a new series of Health Care Accords;

Corporate Service Units – These units have been established in order to reorganize the structure surrounding procedures within the government; and

Freedom of Information and Protection of Privacy (FOIPOP) Legislation. – FOIPOP legislation in Nova Scotia is very extensive. There is a routine access policy in place for every government department, agency and crown corporation.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

A copy of detailed information concerning any/all shortfalls in the investment portfolios that the Department of Finance has concerning all of the governments pension plans;

A copy of the economic analysis and the Provincial (Jurisdictional) Comparative Analysis as well as the economic and revenue projection that the Department of Finance had during the discussion concerning the 10% taxpayer rebate; and

REQUEST FOR DOCUMENTATION

If available, a copy of the macro economic estimates of provincial revenues which were used in compiling the 2003-2004 Estimates.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004mar24.htm

Organizational Meeting and Setting the Agenda

Wednesday, March 31, 2004

WITNESSES

No witnesses were present at this meeting.

MATTERS OF DISCUSSION

A number of new agenda items were discussed and approved during this meeting. The items are as follows:

Intergovernmental Affairs - Federal transfer Payments
Department of Health - Nova Scotia Health Information System
Department of Health and Treasury and Policy Board - User Fees

The Public Accounts Committee also passed a motion to write to the Minister of Finance endorsing the four recommendations contained in the Auditor General's Special Report dated November 14, 2003 and asking that the Committee be advised of how the government will comply with the recommendations.

The Committee also discussed writing another letter to officials from the Canada Customs and Revenue Agency (CCRA) informing them that if they were not willing to appear before the Committee at a specified date the Committee was prepared to issue a subpoena.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004mar31.htm

Office of the Auditor General
concerning the 2003 Performance Report - 2004 Business Plan

Wednesday, April 14, 2004

WITNESSES

Office of the Auditor General

Mr. Roy Salmon
Auditor General

Mr. Claude Carter
Deputy Auditor General

Ms. Elaine Morash
Assistant Auditor General

Mr. Alan Horgan
Assistant Auditor General.

BACKGROUND INFORMATION

The Auditor General for the past two years requested a meeting before the Public Accounts Committee to discuss the Office's performance report and business plan for the following year.

Copies of the 2003 Performance Report and 2004 Business Plan of the Office of the Auditor General can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/busplan0304.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Budgeting – The budget allocation process for the Office of the Auditor General is the same as other government departments in that it is all referred to the Treasury and Policy Board. It is important to ensure that this process in no way interferes with the Office's independence.

Resources – Over the past number of years the level of resources has been reduced in the Office of the Auditor General and the workload has increased. The Auditor General does on occasion use private auditing firms to do certain audits. The lack of resources has currently caused a dilemma in that over 37% of government entities have not been audited within the last five years. As staff has been employed for longer periods within the office they are promoted so currently the office is in need of general auditing staff. Specialized auditors for Information Technology and SAP are also required.

Internal Auditors in Government – The Office of the Auditor General and the various internal government auditors work very closely together and have a very good working relationship.

The Auditor General and his staff also discussed a couple of recent audits such as SAP, university controls and Long-term Care.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

A copy of the list of government entities that have not been audited within the last five years.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004apr14.htm

Bluenose II Preservation Trust

Wednesday, April 28, 2004

WITNESSES

Bluenose II Preservation Trust

Hon. Wilfred P. Moore, QC
Chairman of the Board of Directors

Mr. Delbe L. Comeau
Member of the Board of Directors

Mr. Robert W. Downie
Secretary to the Board of Directors

Mr. Keith P. Maher
Treasurer

Ms. Karen Oldfield
Member of the Board of Directors

BACKGROUND INFORMATION

The Bluenose II Preservation Trust is a not-for-profit society, which is mandated to maintain and operate Bluenose II in full sailing status on behalf of the people of Nova Scotia.

The Trust receives donations and favourable prices from suppliers due to the nature of its work. The Trust raises funds through the operation of Bluenose II, donations, licensing the use of the image of the Bluenose II and Bluenose II itself. There are also funds raised from sales at the Company Store in Lunenburg and the Halifax Cable Wharf Market in Halifax The Trust works at arms length from the government.

The Trust asked to appear before the Public Accounts Committee in order to discuss their finances and their involvement in the federal sponsorship scandal.

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Sponsorship scandal – The Trust received $2.6 million from the Federal Department of Public Works and Government Services for the Canada Tour 1997-1998. The Trust invoiced the Department for $680,000; the Company Store invoiced the Department for $17,812.20 for books. The fund also paid for the creation and movement of a mobile museum that accompanied Bluenose II to each port-of-call. The fund also paid for staffing the museum including their uniforms,

accommodations and expenses. New merchandise was designed for the mobile store as well and that was paid for by the fund. There were also public relations and media events that published the tour that were also paid for from the fund;

Accounting Practices – The Committee had a number of questions about how the sponsorship funds were accounted for on the financial statements of the trust. Questions also arose concerning charitable donations and how they were recorded on the financial statements. The Trust has filed papers with the Canadian Customs and Revenue Agency (CCRA) in order to recalculate the statements. Charitable Tax Returns are different from those of other businesses and this is where the confusion seems to have occurred; and

Staff – Staffing requirements have changed over the last ten years. Currently, there is a coordinator of operations for the Trust who is employed full time in the Lunenburg office.

REQUEST FOR DOCUMENTATION

The Committee did not request additional documentation from the witnesses.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004apr28.htm

Treasury and Policy Board
concerning User Fees

Wednesday, May 5, 2004

WITNESSES

Treasury and Policy Board

Mr. Howard Windsor
Deputy Minister

Ms. Margaret MacDonald
Executive Officer

Mr. David Perry
Senior Corporate Financial Analyst

Department of Justice

Mr. John Traves
Director of Legal Services

Department of Finance

Mr. Michael Ingram
Senior Financial Analyst

BACKGROUND INFORMATION

The Treasury and Policy Board (TPB) is the central planning agency of the Nova Scotia government. TPB is responsible for the overall planning, departmental guidelines for the departments, agencies and crown corporations. User fees are charged by a number of government departments to increase their revenues.

REPORT OF THE AUDITOR GENERAL

In 2000, the Auditor General audited user fees. Although this audit is four years old it is an excellent source for background information on user fees. Copies of the audit can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/2000/ch%203%202000%20user%20fees.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Constitutional authority of user fees - Direct versus indirect means of taxation, legal framework, Interprovincial Agreements;

Framework (formula) for implementation and justification of user fees, need for a better communications strategy, timing of the announcements of tax-bulletins;

Amortization of capital assets changes at the end of the 2003-2004 fiscal year increased provincial revenues by $23 Million, which allowed the government to post a surplus in their budget;

Comparability of Nova Scotia to other jurisdictions concerning user fees;
Nova Scotia budgetary process for the 2004-2005 fiscal year - expenditures were looked at first then revenues;

2004-2005 increase in user fees is 6.5% (lower than the 7.4% average increase in service cost) expenditures within the budget versus capital costs;

Campaign for Fairness, equalization payments based on per capita distribution not need, cost of health care in Nova Scotia is $240 million per year, which equates to 40% of the budget. The federal government pays 16% of the cost of health care (the Federal government disputes the calculation of this figure);

Licence, Permits and Approval Agreements Project - formula was created in April 1997 by using a 3-4 year average of direct costs for a program with an added percentage for overhead costs;

User fees versus penalties versus taxes - how are the fees calculated and what is their definition; and

Political staff employed within Treasury and Policy Board as well as throughout all of the government departments.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

A list of the user fee increases from 1999-2000 through until 2004-2005;

A list of the non-regulatory user fee revenue that goes into the general revenues through the various government departments;

A list of the changes in staff that the Treasury and Policy Board has had since September 1, 2003 until the present day; and

A listing of the names and number of political staff throughout government by Department.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004may05.htm

Nova Scotia Gaming Corporation

Wednesday, May 12, 2004

WITNESSES

Nova Scotia Gaming Corporation

Ms. Marie Mullally
President and Chief Executive Officer

Mr. Sean O'Connor
Chairman of the Board of Directors

BACKGROUND INFORMATION

The Nova Scotia Gaming Corporation (NSGC) is responsible for the business of gaming in Nova Scotia. The NSGC provides entertaining and reliable gaming products in a socially responsible and regulated environment, optimizing the financial benefits for Nova Scotians.

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Responsible gaming - Responsible gaming is a program that the NSGC is trying to integrate into all of the province's gaming activities. There are four levels to the program that have various features;

Responsible Gaming Retailer Awareness – The Tourism Industry Association of Nova Scotia (TIANS) has a program to train all of those employed in the tourism industry to be aware of gaming, location of Video Lottery Terminals (VLT'S) and the problems that the VLT's cause. Learning to deal with problem gamblers in the service industry has become an issue with TIANS. The smoking by-law is also an issue and having a safe non-smoking environment for all employees;

VLT Moratorium Act – This Act was passed in 1998 to maintain VLT's already in service and to limit the number of machines within the province;

Nova Scotia Gaming Foundation - The Nova Scotia Gaming Foundation is a not-for-profit, arms-length government organization that offers funding to Nova Scotia community groups and researchers creating projects in their communities to help address the consequences of problem gambling. Eligible projects are those developed to support prevention, education, treatment, remedial intervention and research across the province. The Foundation also provides annual operational funding to community organizations that deliver services to those affected by all addictions. The Foundation operates through a volunteer Board of Directors and a staffed office that assists the board in assessing projects, managing, disbursing and monitoring the fund and working with applicants throughout the course of their project. Currently, the Gaming Foundation is concentrating its efforts and funding towards problem gamblers and developing programs to support them;

Socio-economic impact of gaming – The gaming sector strategy group is working on a document that will determine the impact that gaming has had in Nova Scotia since it became legalized; and

Harness Racing – There are two tracks in Nova Scotia but both of them need to be updated. The Atlantic Lottery Corporation (ALC) is going to look at Nova Scotia to see if this is a feasible industry at the current time.

REQUEST FOR DOCUMENTATION

The Committee did not requested additional documentation from the witnesses.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004may12.htm

Department of Finance / Intergovernmental Affairs
concerning Transfer Payments

Wednesday, May 19, 2004

WITNESSES

Department of Finance

Ms. Vicki Harnish
Deputy Minister

Ms. Liz Cody
Assistant Deputy Minister

Mr. Dan Troke
Director of Revenue and Fiscal Transfers

Intergovernmental Affairs

Ms. Alison Scott
Deputy Minister

Dr. Alistair Saunders
Executive Director

Department of Community Services

Ms. Shulamith Medjuck
Senior Policy Advisor Federal/Provincial Social Initiative Unit

BACKGROUND INFORMATION

The Federal Government provides financial assistance to the majority of Canadian provinces in the form of transfer payments. It is estimated that in 2004-2005, transfer payments will total $2.3 billion.

The Department of Finance, Intergovernmental Affairs and Community Services were called before the Committee to answer questions concerning a number of the accords.

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Relationship between the Provincial (Progressive Conservative) government and the Federal (Liberal) government;

Campaign For Fairness (recent successes offshore trigger $32 million, Sydney Tar-ponds clean-up $280 million), there are over 100 cost-shared agreements;

Standing Senate Committee on National Finance, Canadian Constitution - Section 32(2);

Equalization Formula, Census claw back of $60 million in each budget for 10 years from 2003-2004 onward, claw back predicted in 2002, but the Department of Finance did not use the raw data, census should be done when the students are in university, if so, this would mean millions for Nova Scotia;

Peter Christie's letter to the federal Minister of Finance Ralph Goodale in February explaining that Nova Scotia could not afford to enter into any additional 50/50 cost sharing agreements on a whim of the federal budget. Nova Scotia could not afford to do so with the tight budget situation that it is in at present;

Level of federal funding in Nova Scotia and other provinces changed in 1993;

CHS and CHST;

Health Transfers, the two large transfers provided a $2 billion top up in health funding, these agreements were one offs and no additional permanent funding was put into place for the provinces;

Offshore Accord, Offshore Offset Trigger, changes to the Fiscal Arrangements Act, Canada Strategic Infrastructure Funds Agreement (Transportation); Offshore Revenue Agreement has three tiers 1. Principal beneficiary of dollars 2. Offset Trigger 3. Crown share adjustment payments;

Federal cut of automotive fuel tax from Nova Scotia - $135-$140 million per year, approximately $5 million is returned to Nova Scotia, currently municipalities and the provinces are competing for duel tax revenue from Ottawa;

Early Childhood Agreement, federal contribution $2.2 million, Societal Indicators Report, investment in research and programs such as Healthy Beginnings, Early Learning etc.; and

Affordable Housing Agreement, Post Secondary Education funding and the Romanow Report.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

A copy of the percentages used since 1993 concerning the Offshore Accord off-set trigger; and

A copy of the list of shared (Federal/Provincial) programs.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004may19.htm

Department of Health
concerning the Nova Scotia Hospital Information System (NShIS)

Wednesday, May 26, 2004

WITNESSES

Department of Health

Dr. Tom Ward
Deputy Minister

Mr. Byron Rafuse
Chief Financial Officer

Ms. Mary McKeen
Acting Chief Information Officer

Mr. Dieter Pagani
Director - IT Services

BACKGROUND INFORMATION

The Nova Scotia Hospital Information System (NShIS) will provide health care professionals with quick, accurate, and appropriate access to patients' medical history information. The system is a first step towards creating a provincial Electronic Health Record (EHR). The EHR will provide an integrated view of patient information, and will support sharing pertinent information among attending care providers within and between provincial hospitals.

The system will also provide better information about the quality of care and access to services. This will allow for improvements in planning for patient services and programs. Doctors, nurses, and other medical staff will also have tools available to them, such as drug-interaction checking, that will help them in making the most informed decision possible.

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Timelines for Implementation – The Department of Health has expanded its budget for the implementation of NShIS from $30 million 3 years ago to $57 million. There have been problems with integrating the system into the hospitals, as well as, in training staff to operate the program. Cost for information technology is always on the increase;

Guysborough Antigonish Health Strait Authority (GASHA) - The new system will be put in place in stages, beginning with five hospitals in the Guysborough Antigonish Strait Health Authority (GASHA) starting on February 1st, 2003. The system will eventually be installed in District Health

Authorities (DHA's) 1 through 8 and will be linked to the systems used by DHA 9 (Capital Health District) and the IWK Health Centre;

Federal funding for the health care system – Healthcare funding from the federal government is down from 50% in 1993 to 20% at present. The funding cuts have caused extreme cuts to the system. Pharmaceutical costs have also risen dramatically in the last number of years. The possibility of multi-year funding from the federal government does not seen to be on the horizon; and

Meditech - Planning for this project has been underway for a number of years. In 1998, clinicians and health care administrators throughout the province selected Meditech Client/Server software. Meditech software is installed in more than 1,600 health care organizations throughout the world, and in over 200 across Canada. Meditech software and EMC hardware was purchased in 2001.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

When completed a copy of the recent independent assessment on the information technology system;

An outline of the timeline rollout for the NShIS Program from 1999 through to 2006;

An outline of the NShIS program costs to date, as well as, the estimates through 2006; and

An outline of the money that has been spent on outside consultants for the NShIS project. Included in this should be the dollar amount by consulting firm.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004may26.htm

June 2004 Report of the Auditor General

Wednesday, June 23, 2004

WITNESSES

Office of the Auditor General

Mr. Roy Salmon
Auditor General

Mr. Claude Carter
Deputy Auditor General

Ms. Elaine Morash
Assistant Auditor General

Mr. Alan Horgan
Assistant Auditor General

BACKGROUND INFORMATION

This year the Auditor General decided to table a six-month report in order to produce the audits in a timely and efficient manner.

Copies of the June 2004 can be obtained from the Office of the Auditor General or online at the following address:

Highlights: http://www.gov.ns.ca/audg/june2004/june04highlights.html
2004 Report: http://www.gov.ns.ca/audg/june2004ag.htm

The Public Accounts Committee traditionally has a public hearing on the Auditor General's report in order to discuss the audit findings and recommendations.

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Emergency-911(E-911) – The operators of the fund cannot determine by their audit control systems whether or not the amount being charged is what is being remitted to the government. The Province does however have the authority to audit the telephone company. A small accounting firm in Bridgewater provides the statistics on the account number to the government each year and determines what amount needs to be collected. There is a committee in place to oversee this fund but it has not met since June 2003;

E-911 Cost Recovery Fund - Nova Scotia Power's lack of payment on fees due to the government in the amount of $700,000 for administration;

Halifax Regional School Board (HRSB) – this was a follow-up audit from 2000. The audit touches lightly on the policy issue of the supplementary funding arrangement. GAAP compliance is an issue when dealing with the school fee bank accounts;

Tourism and Culture – The contracts and agreements between the resort and reservation system and the Department;

November 14, 2004 Special Audit by the Auditor General – It is extremely unusual for the Office of the Auditor General to table an Additional Report. However the Auditor General tabled such a report on the Consolidated Financial Statements of the Province of Nova Scotia for the Year ended March 31, 2003 and Other Financial Reporting Practices. Smooth Market Value (SMV) versus Full Market Value (FMV), smoothing assets was not supposed to be implemented in the budget until 2004-2005 but it is in 2003-2004, this fact was not properly noted within the budget by the Department of Finance;

Census Data - The Department of Finance report issued on December 3, 2003 did not include any information concerning the census data that would lower the amount the province received in transfer payments even though preliminary numbers were being used by all other provinces, The Auditor General found this lack of information very disturbing; and

Pension administration – There has been a report issued by the private sector auditors determining that there has been inadequate due regard for economy and efficiency in the administration of the pension administration system implementation project.

REQUEST FOR DOCUMENTATION

The Committee requested the following documentation from the witnesses:

A copy of the annual dollar figure that the Department of Tourism, Culture and Heritage pays to the Canada Select Accommodations Rating Program.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004jun23.htm

PUBLIC ACCOUNTS

SUB-COMMITTEE

ON

AGENDA AND PROCEDURES

Sub-Committee on Agenda and Procedures - Public Accounts

Wednesday, November 5, 2003

ATTENDANCE:

Mr. Graham Steele, MLA - Chairman
Mr. Jim DeWolfe, MLA - Vice Chairman
Mr. Danny Graham, MLA – PAC Member
Mr. Roy Salmon – Auditor General

RECOMMENDATIONS TO THE PUBLIC ACCOUNTS COMMITTEE:

The Sub-Committee recommends that all of its meetings be held in public and on the record (thus changing the existing Operating Principles and Practices).

The Sub-Committee recommends that Auditor General Briefing Sessions be held in camera (thus confirming the existing Operating Principles and Practices).

The Sub-Committee recommends that the Public Accounts Committee schedule its meetings at any time the members consider suitable, rather than being bound to meet from 8 a.m. to 10 a.m. It is recognized that the constraints on Members' time may be different when the House is sitting from when it is not sitting.

The Sub-Committee recommends that the Public Accounts Committee leave itself the option of scheduling a meeting for longer than two hours, if the subject matter or other circumstances so warrant.

The Sub-Committee recommends that the Public Accounts Committee permit the submission of written questions to witnesses. Requests for written questions should be forwarded to the Sub-Committee. If approved, the written questions will be sent to the witness(es) in a letter signed by the Chair. It is anticipated that written questions will be used principally as a means of requesting information from a witness who is already scheduled to appear in person.

The Sub-Committee recommends that the Public Accounts Committee make it a practice to consider what recommendations should flow from its deliberations, and to report to the House on its recommendations.

The Sub-Committee recommends that the following witnesses be invited to appear before the Public Accounts Committee:

a. Auditor General concerning the 2002-03 Public Accounts (tentatively November 26th).
b. Deputy Minister of Finance concerning the 2002-03 Public Accounts - 3 hrs. (tentatively December 3rd).
c. Deputy Minister of Community Services concerning housing (tentatively December 10th).
d. Auditor General concerning his 2003 Annual Report (in camera; tentatively the week of December 15th, on whatever day the report is published).

e. Auditor General concerning his 2003 Annual Report (public session; tentatively January 7th).
f. Auditor General concerning post-secondary education (in camera; tentatively January 14th).
g. Department of Education concerning Auditor General's audit of Post Secondary Institutions Financial Controls (tentatively January 21st).
h. Council of University Presidents concerning Auditor General's audit of Post Secondary Institutions Financial Controls (tentatively January 28th).

The Sub-Committee recommends that the Deputy Minister of Health be invited to speak further on the subject of District Health Authority budgets (continuation of meeting of October 5th; date to be confirmed).

The Sub-Committee recommends that the Clerk of Committees be asked to attempt to contact Mr. Andrew Barker, former CEO of the Nova Scotia Liquor Corporation, to determine his availability to be a witness. The Clerk of Committees will report back to the Sub-Committee, at which time the Sub-Committee will evaluate whether Mr. Barker should be invited to appear.

The Sub-Committee recommends that representatives of the Canadian Institute of Chartered Accountants, Public Sector Accounting Board (including former NS Finance Minister Don Downe) be invited to address the Public Accounts Committee on the subject of Generally Accepted Accounting Principles (GAAP) in the public sector.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2003nov05.htm

Sub-Committee on Agenda and Procedures - Public Accounts

Tuesday, January 13, 2004

ATTENDANCE:

Mr. Graham Steele, MLA - Chairman
Mr. Jim DeWolfe, MLA - Vice Chairman
Mr. Danny Graham, MLA – PAC Member
Mr. Roy Salmon – Auditor General

RECOMMENDATIONS TO THE PUBLIC ACCOUNTS COMMITTEE:

The Sub-Committee recommends that the following witnesses be invited to appear before the Public Accounts Committee:

a. Department of Health - Long Term Care (AG Audit Ch. 9)
b. Department of Finance - SAP (AG Audit Ch. 3)
c. Treasury and Policy Board - Government Wide Performance Reporting (AG Audit - Ch. 2)
d. Auditor General concerning the 2003 Performance Report and 2004 Business Plan for the Office of the Auditor General.
e. Nova Scotia Gaming Corporation and Atlantic Lottery Corporation - VLT's
f. Andrew Barker - Former President / CEO Nova Scotia Liquor Corporation*

* The Sub-Committee recommends that (a) the Chair be directed to write to Mr. Andrew Barker, former CEO of the Nova Scotia Liquor Corporation, to inform him that if he does not appear voluntarily before the Public Accounts Committee a subpoena will be issued, (b) Mr. Barker be given two weeks from the date of the letter to indicate whether he will appear voluntarily, and (c) the Committee Clerk be directed to contact the Office of the Legislative Counsel to inform them that a subpoena may be required.

The Sub-Committee recommends that the Chair be directed to write to the Canada Customs and Revenue Agency (CCRA) concerning the collection of HST from native businesses from non-native customers. (Issue forwarded to the Committee from Mr. Cal Lees.)

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004jan13.htm

Sub-Committee on Agenda and Procedures - Public Accounts

Tuesday, March 2, 2004

ATTENDANCE:

Mr. Graham Steele, MLA - Chairman
Mr. Jim DeWolfe, MLA - Vice Chairman
Mr. Danny Graham, MLA – PAC Member
Mr. Roy Salmon – Auditor General

RECOMMENDATIONS TO THE PUBLIC ACCOUNTS COMMITTEE:

The Sub-Committee recommends that the following witnesses be invited to appear before the Public Accounts Committee:

a. Mr. Andrew Lewis - Optinova Systems and InNOVACorp
b. Canada Customs and Revenue Agency - Collection of HST
(questions concerning the non-collection of HST by native businesses from non-native customers will be one of the topics CCRA officials should be prepared to answer)

The Sub-Committee recommends in response to the letter from the Halifax Regional School Board that the issue be referred to the Standing Committee on Human Resources.

TRANSCRIPT

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004mar02.htm

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Nova Scotia

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STATEMENT OF SUBMISSION

ectfully submitted to the
his 13th day of April, 2005
House of Assembly f

Steele, MLA
Graham
Chairma

I concur

I concur

Jim DeWolfe, MLA
(Vice Chairman)

I concur

David A. Wilson, MLA

I concur

Mark Parent, MLA

I concur

Danny Graham, MLA

I concur

Gary Hines, MLA

I concur

H. David Wilson, MLA

I concur

Maureen MacDonald, MLA

Diana Whalen, MLA

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